

House Amendment to
Senate File 295

S-3166

1 Amend Senate File 295, as passed by the Senate, as
2 follows:

3 1. By striking everything after the enacting clause
4 and inserting:

5 <DIVISION I

6 PROPERTY ASSESSMENT LIMITATION AND REPLACEMENT

7 Section 1. Section 257.3, subsection 1, Code 2013,
8 is amended by adding the following new paragraph:

9 NEW PARAGRAPH. *d.* The amount paid to each school
10 district for the commercial and industrial property
11 tax replacement claim under section 441.21A shall be
12 regarded as property tax. The portion of the payment
13 which is foundation property tax shall be determined by
14 applying the foundation property tax rate to the amount
15 computed under section 441.21A, subsection 4, paragraph
16 "a", and such amount shall be prorated pursuant to
17 section 441.21A, subsection 2, if applicable.

18 Sec. 2. Section 331.512, Code 2013, is amended by
19 adding the following new subsection:

20 NEW SUBSECTION. 13A. Carry out duties relating
21 to the calculation and payment of commercial and
22 industrial property tax replacement claims under
23 section 441.21A.

24 Sec. 3. Section 331.559, Code 2013, is amended by
25 adding the following new subsection:

26 NEW SUBSECTION. 25A. Carry out duties relating
27 to the calculation and payment of commercial and
28 industrial property tax replacement claims under
29 section 441.21A.

30 Sec. 4. Section 441.21, subsection 4, Code 2013, is
31 amended to read as follows:

32 4. For valuations established as of January
33 1, 1979, the percentage of actual value at which
34 agricultural and residential property shall be assessed
35 shall be the quotient of the dividend and divisor as
36 defined in this section. The dividend for each class
37 of property shall be the dividend as determined for
38 each class of property for valuations established as
39 of January 1, 1978, adjusted by the product obtained
40 by multiplying the percentage determined for that year
41 by the amount of any additions or deletions to actual
42 value, excluding those resulting from the revaluation
43 of existing properties, as reported by the assessors
44 on the abstracts of assessment for 1978, plus six
45 percent of the amount so determined. However, if the
46 difference between the dividend so determined for
47 either class of property and the dividend for that
48 class of property for valuations established as of
49 January 1, 1978, adjusted by the product obtained by
50 multiplying the percentage determined for that year

1 by the amount of any additions or deletions to actual
2 value, excluding those resulting from the revaluation
3 of existing properties, as reported by the assessors
4 on the abstracts of assessment for 1978, is less than
5 six percent, the 1979 dividend for the other class of
6 property shall be the dividend as determined for that
7 class of property for valuations established as of
8 January 1, 1978, adjusted by the product obtained by
9 multiplying the percentage determined for that year
10 by the amount of any additions or deletions to actual
11 value, excluding those resulting from the revaluation
12 of existing properties, as reported by the assessors on
13 the abstracts of assessment for 1978, plus a percentage
14 of the amount so determined which is equal to the
15 percentage by which the dividend as determined for the
16 other class of property for valuations established as
17 of January 1, 1978, adjusted by the product obtained
18 by multiplying the percentage determined for that year
19 by the amount of any additions or deletions to actual
20 value, excluding those resulting from the revaluation
21 of existing properties, as reported by the assessors
22 on the abstracts of assessment for 1978, is increased
23 in arriving at the 1979 dividend for the other class
24 of property. The divisor for each class of property
25 shall be the total actual value of all such property
26 in the state in the preceding year, as reported by the
27 assessors on the abstracts of assessment submitted
28 for 1978, plus the amount of value added to said
29 total actual value by the revaluation of existing
30 properties in 1979 as equalized by the director of
31 revenue pursuant to section 441.49. The director shall
32 utilize information reported on abstracts of assessment
33 submitted pursuant to section 441.45 in determining
34 such percentage. For valuations established as of
35 January 1, 1980, and each assessment year thereafter
36 beginning before January 1, 2013, the percentage of
37 actual value as equalized by the director of revenue
38 as provided in section 441.49 at which agricultural
39 and residential property shall be assessed shall be
40 calculated in accordance with the methods provided
41 herein including the limitation of increases in
42 agricultural and residential assessed values to the
43 percentage increase of the other class of property if
44 the other class increases less than the allowable limit
45 adjusted to include the applicable and current values
46 as equalized by the director of revenue, except that
47 any references to six percent in this subsection shall
48 be four percent. For valuations established as of
49 January 1, 2013, and each assessment year thereafter,
50 the percentage of actual value as equalized by the

1 director of revenue as provided in section 441.49 at
2 which agricultural and residential property shall be
3 assessed shall be calculated in accordance with the
4 methods provided in this subsection, except that any
5 references to six percent in this subsection shall
6 be two percent, and including, for assessment years
7 beginning on or after January 1, 2013, but before
8 January 1, 2017, the limitation of increases in
9 agricultural and residential assessed values to the
10 percentage increase of the other class of property if
11 the other class increases less than the allowable limit
12 adjusted to include the applicable and current values
13 as equalized by the director of revenue, and including,
14 for assessment years beginning on or after January 1,
15 2017, the limitation in subsection 5A.

16 Sec. 5. Section 441.21, subsection 5, Code 2013, is
17 amended to read as follows:

18 5. a. For valuations established as of January
19 1, 1979, commercial property and industrial property,
20 excluding properties referred to in section 427A.1,
21 subsection 8, shall be assessed as a percentage of
22 the actual value of each class of property. The
23 percentage shall be determined for each class of
24 property by the director of revenue for the state in
25 accordance with the provisions of this section. For
26 valuations established as of January 1, 1979, the
27 percentage shall be the quotient of the dividend and
28 divisor as defined in this section. The dividend
29 for each class of property shall be the total actual
30 valuation for each class of property established for
31 1978, plus six percent of the amount so determined.
32 The divisor for each class of property shall be the
33 valuation for each class of property established for
34 1978, as reported by the assessors on the abstracts of
35 assessment for 1978, plus the amount of value added to
36 the total actual value by the revaluation of existing
37 properties in 1979 as equalized by the director of
38 revenue pursuant to section 441.49. For valuations
39 established as of January 1, 1979, property valued by
40 the department of revenue pursuant to chapters 428,
41 433, 437, and 438 shall be considered as one class
42 of property and shall be assessed as a percentage of
43 its actual value. The percentage shall be determined
44 by the director of revenue in accordance with the
45 provisions of this section. For valuations established
46 as of January 1, 1979, the percentage shall be the
47 quotient of the dividend and divisor as defined in
48 this section. The dividend shall be the total actual
49 valuation established for 1978 by the department of
50 revenue, plus ten percent of the amount so determined.

1 The divisor for property valued by the department of
2 revenue pursuant to chapters 428, 433, 437, and 438
3 shall be the valuation established for 1978, plus
4 the amount of value added to the total actual value
5 by the revaluation of the property by the department
6 of revenue as of January 1, 1979. For valuations
7 established as of January 1, 1980, commercial property
8 and industrial property, excluding properties referred
9 to in section 427A.1, subsection 8, shall be assessed
10 at a percentage of the actual value of each class of
11 property. The percentage shall be determined for
12 each class of property by the director of revenue for
13 the state in accordance with the provisions of this
14 section. For valuations established as of January
15 1, 1980, the percentage shall be the quotient of
16 the dividend and divisor as defined in this section.
17 The dividend for each class of property shall be the
18 dividend as determined for each class of property for
19 valuations established as of January 1, 1979, adjusted
20 by the product obtained by multiplying the percentage
21 determined for that year by the amount of any
22 additions or deletions to actual value, excluding those
23 resulting from the revaluation of existing properties,
24 as reported by the assessors on the abstracts of
25 assessment for 1979, plus four percent of the amount
26 so determined. The divisor for each class of property
27 shall be the total actual value of all such property in
28 1979, as equalized by the director of revenue pursuant
29 to section 441.49, plus the amount of value added to
30 the total actual value by the revaluation of existing
31 properties in 1980. The director shall utilize
32 information reported on the abstracts of assessment
33 submitted pursuant to section 441.45 in determining
34 such percentage. For valuations established as of
35 January 1, 1980, property valued by the department
36 of revenue pursuant to chapters 428, 433, 437, and
37 438 shall be assessed at a percentage of its actual
38 value. The percentage shall be determined by the
39 director of revenue in accordance with the provisions
40 of this section. For valuations established as of
41 January 1, 1980, the percentage shall be the quotient
42 of the dividend and divisor as defined in this section.
43 The dividend shall be the total actual valuation
44 established for 1979 by the department of revenue,
45 plus eight percent of the amount so determined. The
46 divisor for property valued by the department of
47 revenue pursuant to chapters 428, 433, 437, and 438
48 shall be the valuation established for 1979, plus
49 the amount of value added to the total actual value
50 by the revaluation of the property by the department

1 of revenue as of January 1, 1980. For valuations
2 established as of January 1, 1981, and each assessment
3 year thereafter beginning before January 1, 2013, the
4 percentage of actual value as equalized by the director
5 of revenue as provided in section 441.49 at which
6 commercial property and industrial property, excluding
7 properties referred to in section 427A.1, subsection
8 8, shall be assessed shall be calculated in accordance
9 with the methods provided herein, except that any
10 references to six percent in this subsection shall be
11 four percent. For valuations established as of January
12 1, 1981, and each year thereafter, the percentage of
13 actual value at which property valued by the department
14 of revenue pursuant to chapters 428, 433, 437, and 438
15 shall be assessed shall be calculated in accordance
16 with the methods provided herein, except that any
17 references to ten percent in this subsection shall be
18 eight percent. Beginning with valuations established
19 as of January 1, 1979, and each assessment year
20 thereafter beginning before January 1, 2013, property
21 valued by the department of revenue pursuant to chapter
22 434 shall also be assessed at a percentage of its
23 actual value which percentage shall be equal to the
24 percentage determined by the director of revenue for
25 commercial property, industrial property, or property
26 valued by the department of revenue pursuant to
27 chapters 428, 433, 437, and 438, whichever is lowest.
28 For valuations established on or after January 1, 2013,
29 but before January 1, 2017, commercial property and
30 industrial property shall be assessed as provided in
31 paragraphs "b" and "c", as applicable. For valuations
32 established as of January 1, 2017, and each assessment
33 year thereafter, the percentage of actual value as
34 equalized by the director of revenue as provided in
35 section 441.49 at which commercial property, excluding
36 properties referred to in section 427A.1, subsection
37 8, shall be assessed shall be calculated in accordance
38 with the methods provided in this subsection, including
39 the limitation in subsection 5A, except that any
40 references to six percent in this subsection shall be
41 two percent. For valuations established on or after
42 January 1, 2017, industrial property shall be assessed
43 at a percentage of its actual value equal to the
44 percentage of actual value at which property assessed
45 as commercial property is assessed for the same
46 assessment year following application of the limitation
47 in subsection 5A, if applicable. For valuations
48 established on or after January 1, 2013, property
49 valued by the department of revenue pursuant to chapter
50 434 shall be assessed at a percentage of its actual

1 value equal to the percentage of actual value at which
2 property assessed as commercial property is assessed
3 for the same assessment year following application of
4 the limitation in subsection 5A, if applicable.

5 b. For valuations established on or after January
6 1, 2013, but before January 1, 2017, commercial
7 property, excluding properties referred to in section
8 427A.1, subsection 8, shall be assessed at a percentage
9 of its actual value, as determined in this paragraph
10 "b". For valuations established for the assessment
11 year beginning January 1, 2013, the percentage of
12 actual value as equalized by the director of revenue
13 as provided in section 441.49 at which commercial
14 property shall be assessed shall be ninety-five
15 percent. For valuations established for the assessment
16 year beginning January 1, 2014, the percentage of
17 actual value as equalized by the director of revenue
18 as provided in section 441.49 at which commercial
19 property shall be assessed shall be ninety percent.
20 For valuations established for the assessment year
21 beginning January 1, 2015, the percentage of actual
22 value as equalized by the director of revenue as
23 provided in section 441.49 at which commercial property
24 shall be assessed shall be eighty-five percent.
25 For valuations established for the assessment year
26 beginning January 1, 2016, the percentage of actual
27 value as equalized by the director of revenue as
28 provided in section 441.49 at which commercial property
29 shall be assessed shall be eighty percent.

30 c. For valuations established on or after January
31 1, 2013, but before January 1, 2017, industrial
32 property, excluding properties referred to in section
33 427A.1, subsection 8, shall be assessed at a percentage
34 of its actual value, as determined in this paragraph
35 "c". For valuations established for the assessment
36 year beginning January 1, 2013, the percentage of
37 actual value as equalized by the director of revenue
38 as provided in section 441.49 at which industrial
39 property shall be assessed shall be ninety-five
40 percent. For valuations established for the assessment
41 year beginning January 1, 2014, the percentage of
42 actual value as equalized by the director of revenue
43 as provided in section 441.49 at which industrial
44 property shall be assessed shall be ninety percent.
45 For valuations established for the assessment year
46 beginning January 1, 2015, the percentage of actual
47 value as equalized by the director of revenue as
48 provided in section 441.49 at which industrial property
49 shall be assessed shall be eighty-five percent.
50 For valuations established for the assessment year

1 beginning January 1, 2016, the percentage of actual
2 value as equalized by the director of revenue as
3 provided in section 441.49 at which industrial property
4 shall be assessed shall be eighty percent.

5 Sec. 6. Section 441.21, Code 2013, is amended by
6 adding the following new subsection:

7 NEW SUBSECTION. 5A. In addition to the limitation
8 of increases for agricultural and residential property
9 applicable under subsection 4 and the limitation
10 of increase for commercial property applicable
11 under subsection 5, for valuations established for
12 the assessment year beginning January 1, 2017, and
13 each assessment year thereafter, for residential,
14 agricultural, and commercial property, the assessed
15 value of each of these three classes of property shall
16 be limited to the percentage increase of that class of
17 property that is the lowest percentage increase under
18 the allowable limit adjusted to include the applicable
19 and current values as equalized by the director of
20 revenue.

21 Sec. 7. Section 441.21, subsections 9 and 10, Code
22 2013, are amended to read as follows:

23 9. Not later than November 1, 1979, and November
24 1 of each subsequent year, the director shall certify
25 to the county auditor of each county the percentages
26 of actual value at which residential property,
27 agricultural property, commercial property, industrial
28 property, property valued by the department of revenue
29 pursuant to chapter 434, and property valued by the
30 department of revenue pursuant to chapters 428, 433,
31 434, 437, and 438 in each assessing jurisdiction in the
32 county shall be assessed for taxation. The county
33 auditor shall proceed to determine the assessed values
34 of agricultural property, residential property,
35 commercial property, industrial property, property
36 valued by the department of revenue pursuant to chapter
37 434, and property valued by the department of revenue
38 pursuant to chapters 428, 433, 434, 437, and 438 by
39 applying such percentages to the current actual value
40 of such property, as reported to the county auditor by
41 the assessor, and the assessed values so determined
42 shall be the taxable values of such properties upon
43 which the levy shall be made.

44 10. The percentage of actual value computed by
45 the director for agricultural property, residential
46 property, commercial property, industrial property,
47 property valued by the department of revenue pursuant
48 to chapter 434, and property valued by the department
49 of revenue pursuant to chapters 428, 433, 434, 437, and
50 438 and used to determine assessed values of those

1 classes of property does not constitute a rule as
2 defined in section 17A.2, subsection 11.

3 Sec. 8. NEW SECTION. 441.21A Commercial and
4 industrial property tax replacement — replacement
5 claims.

6 1. a. For each fiscal year beginning on or after
7 July 1, 2014, there is appropriated from the general
8 fund of the state to the department of revenue an
9 amount necessary for the payment of all commercial
10 and industrial property tax replacement claims under
11 this section for the fiscal year. However, for a
12 fiscal year beginning on or after July 1, 2018, the
13 total amount of moneys appropriated from the general
14 fund of the state to the department of revenue for
15 the payment of commercial and industrial property tax
16 replacement claims in that fiscal year shall not exceed
17 the total amount of money that was necessary to pay
18 all commercial and industrial property tax replacement
19 claims for the fiscal year beginning July 1, 2017.

20 b. Moneys appropriated by the general assembly to
21 the department under this subsection for the payment
22 of commercial and industrial property tax replacement
23 claims are not subject to a uniform reduction in
24 appropriations in accordance with section 8.31.

25 2. Beginning with the fiscal year beginning
26 July 1, 2014, each county treasurer shall be paid
27 by the department of revenue an amount equal to the
28 amount of the commercial and industrial property tax
29 replacement claims in the county, as calculated in
30 subsection 4. For fiscal years beginning on or after
31 July 1, 2018, if an amount appropriated for a fiscal
32 year is insufficient to pay all replacement claims,
33 the director of revenue shall prorate the payment of
34 replacement claims to the county treasurers and shall
35 notify the county auditors of the pro rata percentage
36 on or before September 30.

37 3. On or before July 1 of each fiscal year
38 beginning on or after July 1, 2014, the assessor shall
39 report to the county auditor the total actual value of
40 all commercial property and industrial property in the
41 county for the assessment year used to calculate the
42 taxes due and payable in that fiscal year.

43 4. On or before a date established by rule of the
44 department of revenue of each fiscal year beginning on
45 or after July 1, 2014, the county auditor shall prepare
46 a statement, based upon the report received pursuant
47 to subsection 3, listing for each taxing district in
48 the county:

49 a. The difference between the assessed valuation
50 of all commercial property and industrial property for

1 the assessment year used to calculate taxes which are
2 due and payable in the applicable fiscal year and the
3 actual value of all commercial property and industrial
4 property for the same assessment year. If the
5 difference between the assessed value of all commercial
6 property and industrial property and the actual
7 valuation of all commercial property and industrial
8 property is zero, there is no tax replacement for that
9 taxing district for the fiscal year.

10 **b.** The tax levy rate per one thousand dollars of
11 assessed value for each taxing district for that fiscal
12 year.

13 **c.** The commercial and industrial property tax
14 replacement claim for each taxing district. The
15 replacement claim is equal to the amount determined
16 pursuant to paragraph "a", multiplied by the tax rate
17 specified in paragraph "b", and then divided by one
18 thousand dollars.

19 **5.** For purposes of computing replacement amounts
20 under this section, that portion of an urban renewal
21 area defined as the sum of the assessed valuations
22 defined in section 403.19, subsections 1 and 2, shall
23 be considered a taxing district.

24 **6. a.** The county auditor shall certify and forward
25 one copy of the statement to the department of revenue
26 not later than a date of each year established by the
27 department of revenue by rule.

28 **b.** The replacement claims shall be paid to each
29 county treasurer in equal installments in September
30 and March of each year. The county treasurer shall
31 apportion the replacement claim payments among the
32 eligible taxing districts in the county.

33 **c.** If the taxing district is an urban renewal
34 area, the amount of the replacement claim shall be
35 apportioned and credited to those portions of the
36 assessed value defined in section 403.19, subsections
37 1 and 2, as follows:

38 **(1)** To that portion defined in section 403.19,
39 subsection 1, an amount of the replacement claim that
40 is proportionate to the amount of actual value of the
41 commercial and industrial property in the urban renewal
42 area as determined in section 403.19, subsection 1,
43 that was subtracted pursuant to section 403.20, as
44 it bears to the total amount of actual value of the
45 commercial and industrial property in the urban renewal
46 area that was subtracted pursuant to section 403.20 for
47 the assessment year for property taxes due and payable
48 in the fiscal year for which the replacement claim is
49 computed.

50 **(2)** To that portion defined in section 403.19,

1 subsection 2, the remaining amount, if any.

2 d. Notwithstanding the allocation provisions of
3 paragraph "c", the amount of the tax replacement amount
4 that shall be allocated to that portion of the assessed
5 value defined in section 403.19, subsection 2, shall
6 not exceed the amount equal to the amount certified to
7 the county auditor under section 403.19 for the fiscal
8 year in which the claim is paid, after deduction of
9 the amount of other revenues committed for payment
10 on that amount for the fiscal year. The amount not
11 allocated to that portion of the assessed value defined
12 in section 403.19, subsection 2, as a result of the
13 operation of this paragraph, shall be allocated to that
14 portion of assessed value defined in section 403.19,
15 subsection 1.

16 e. The amount of the replacement claim amount
17 credited to the portion of the assessed value defined
18 in section 403.19, subsection 1, shall be allocated
19 to and when received be paid into the fund for the
20 respective taxing district as taxes by or for the
21 taxing district into which all other property taxes
22 are paid. The amount of the replacement claim amount
23 credited to the portion of the assessed value defined
24 in section 403.19, subsection 2, shall be allocated to
25 and when collected be paid into the special fund of the
26 municipality under section 403.19, subsection 2.

27 Sec. 9. SAVINGS PROVISION. This division of this
28 Act, pursuant to section 4.13, does not affect the
29 operation of, or prohibit the application of, prior
30 provisions of section 441.21, or rules adopted under
31 chapter 17A to administer prior provisions of section
32 441.21, for assessment years beginning before January
33 1, 2013, and for duties, powers, protests, appeals,
34 proceedings, actions, or remedies attributable to an
35 assessment year beginning before January 1, 2013.

36 Sec. 10. EFFECTIVE UPON ENACTMENT. This division
37 of this Act, being deemed of immediate importance,
38 takes effect upon enactment.

39 Sec. 11. RETROACTIVE APPLICABILITY. This division
40 of this Act applies retroactively to January 1, 2013,
41 for assessment years beginning on or after that date.

42 DIVISION II

43 SCHOOL DISTRICT FUNDING

44 Sec. 12. Section 257.1, subsection 2, paragraph b,
45 Code 2013, is amended by striking the paragraph and
46 inserting in lieu thereof the following:

47 b. (1) The regular program foundation base per
48 pupil is the following:

49 (a) For the budget year commencing July 1,
50 2012, and the budget year commencing July 1, 2013,

1 the regular program foundation base per pupil is
2 eighty-seven and five-tenths percent of the regular
3 program state cost per pupil.

4 (b) For the budget year commencing July 1, 2014,
5 the regular program foundation base per pupil is
6 eighty-nine and three hundred seventy-five thousandths
7 percent of the regular program state cost per pupil.

8 (c) For the budget year commencing July 1, 2015,
9 the regular program foundation base per pupil is
10 ninety-one and twenty-five hundredths percent of the
11 regular program state cost per pupil.

12 (d) For the budget year commencing July 1, 2016,
13 the regular program foundation base per pupil is
14 ninety-three and one hundred twenty-five thousandths
15 percent of the regular program state cost per pupil.

16 (e) For the budget year commencing July 1, 2017,
17 and succeeding budget years, the regular program
18 foundation base per pupil is ninety-five percent of the
19 regular program state cost per pupil.

20 (2) For each budget year, the special education
21 support services foundation base is seventy-nine
22 percent of the special education support services state
23 cost per pupil. The combined foundation base is the
24 sum of the regular program foundation base, the special
25 education support services foundation base, the total
26 teacher salary supplement district cost, the total
27 professional development supplement district cost, the
28 total early intervention supplement district cost, the
29 total area education agency teacher salary supplement
30 district cost, and the total area education agency
31 professional development supplement district cost.

32 DIVISION III

33 MULTIRESIDENTIAL PROPERTY CLASSIFICATION

34 Sec. 13. Section 404.2, subsection 2, paragraph f,
35 Code 2013, is amended to read as follows:

36 f. A statement specifying whether the
37 revitalization is applicable to none, some, or all of
38 the property assessed as residential, multiresidential,
39 agricultural, commercial, or industrial property
40 within the designated area or a combination thereof and
41 whether the revitalization is for rehabilitation and
42 additions to existing buildings or new construction or
43 both. If revitalization is made applicable only to
44 some property within an assessment classification, the
45 definition of that subset of eligible property must
46 be by uniform criteria which further some planning
47 objective identified in the plan. The city shall state
48 how long it is estimated that the area shall remain
49 a designated revitalization area which time shall
50 be longer than one year from the date of designation

1 and shall state any plan by the city to issue revenue
2 bonds for revitalization projects within the area. For
3 a county, a revitalization area shall include only
4 property which will be used as industrial property,
5 commercial property, ~~commercial property consisting of~~
6 ~~three or more separate living quarters with at least~~
7 ~~seventy-five percent of the space used for residential~~
8 ~~purposes,~~ multiresidential property, or residential
9 property. However, a county shall not provide a tax
10 exemption under this chapter to commercial property,
11 ~~commercial property consisting of three or more~~
12 ~~separate living quarters with at least seventy-five~~
13 ~~percent of the space used for residential purposes~~
14 multiresidential property, or residential property
15 which is located within the limits of a city.

16 Sec. 14. Section 404.3, subsection 4, Code 2013, is
17 amended to read as follows:

18 4. All qualified real estate assessed as
19 residential property ~~or assessed as commercial~~
20 ~~property, if the commercial property consists of~~
21 ~~three or more separate living quarters with at least~~
22 ~~seventy-five percent of the space used for residential~~
23 ~~purposes,~~ or assessed as multiresidential property is
24 eligible to receive a one hundred percent exemption
25 from taxation on the actual value added by the
26 improvements. The exemption is for a period of ten
27 years.

28 Sec. 15. Section 441.21, subsection 8, paragraph b,
29 Code 2013, is amended to read as follows:

30 b. Notwithstanding paragraph "a", any construction
31 or installation of a solar energy system on property
32 classified as agricultural, residential, commercial,
33 multiresidential, or industrial property shall not
34 increase the actual, assessed, and taxable values of
35 the property for five full assessment years.

36 Sec. 16. Section 441.21, subsections 9 and 10, Code
37 2013, are amended to read as follows:

38 9. Not later than November 1, 1979, and November
39 1 of each subsequent year, the director shall
40 certify to the county auditor of each county the
41 percentages of actual value at which residential
42 property, agricultural property, commercial property,
43 industrial property, multiresidential property, and
44 property valued by the department of revenue pursuant
45 to chapters 428, 433, 434, 437, and 438 in each
46 assessing jurisdiction in the county shall be assessed
47 for taxation. The county auditor shall proceed
48 to determine the assessed values of agricultural
49 property, residential property, commercial property,
50 industrial property, multiresidential property, and

1 property valued by the department of revenue pursuant
2 to chapters 428, 433, 434, 437, and 438 by applying
3 such percentages to the current actual value of such
4 property, as reported to the county auditor by the
5 assessor, and the assessed values so determined shall
6 be the taxable values of such properties upon which the
7 levy shall be made.

8 10. The percentage of actual value computed by
9 the director for agricultural property, residential
10 property, commercial property, industrial property,
11 multiresidential property, and property valued by the
12 department of revenue pursuant to chapters 428, 433,
13 434, 437, and 438 and used to determine assessed values
14 of those classes of property does not constitute a rule
15 as defined in section 17A.2, subsection 11.

16 Sec. 17. Section 441.21, Code 2013, is amended by
17 adding the following new subsection:

18 NEW SUBSECTION. 13. a. Beginning with valuations
19 established on or after January 1, 2014, mobile home
20 parks, manufactured home communities, land-leased
21 communities, assisted living facilities, and that
22 portion of a building that is used for human habitation
23 and a proportionate share of the land upon which
24 the building is situated, even if the use for human
25 habitation is not the primary use of the building, and
26 regardless of the number of dwelling units located
27 in the building, and not otherwise classified as
28 residential property, shall be valued as a separate
29 class of property known as multiresidential property
30 and, excluding properties referred to in section
31 427A.1, subsection 8, shall be assessed at a percentage
32 of its actual value, as determined in this subsection.
33 For valuations established for the assessment year
34 beginning January 1, 2014, the percentage of actual
35 value as equalized by the director of revenue as
36 provided in section 441.49 at which multiresidential
37 property shall be assessed shall be ninety percent.
38 For valuations established for the assessment year
39 beginning January 1, 2015, the percentage of actual
40 value as equalized by the director of revenue as
41 provided in section 441.49 at which multiresidential
42 property shall be assessed shall be eighty percent.
43 For valuations established for the assessment year
44 beginning January 1, 2016, the percentage of actual
45 value as equalized by the director of revenue as
46 provided in section 441.49 at which multiresidential
47 property shall be assessed shall be seventy percent.
48 For valuations established for the assessment year
49 beginning January 1, 2017, the percentage of actual
50 value as equalized by the director of revenue as

1 provided in section 441.49 at which multiresidential
2 property shall be assessed shall be sixty percent.
3 For valuations established for the assessment year
4 beginning January 1, 2018, and each assessment year
5 thereafter, the percentage of actual value as equalized
6 by the director of revenue as provided in section
7 441.49 at which multiresidential property shall be
8 assessed shall be equal to the percentage of actual
9 value at which property assessed as residential
10 property is assessed under subsection 4 for the same
11 assessment year, after application of the limitations
12 on increases in residential property provided for in
13 this section.

14 **b.** Accordingly, the assessor may assign more than
15 one classification to a parcel of property that, in
16 part, satisfies the requirements of this subsection.

17 **c.** In no case, however, shall property that is
18 rented or leased to low-income individuals and families
19 as authorized by section 42 of the Internal Revenue
20 Code, and that is subject to assessment procedures
21 relating to section 42 property under section 441.21,
22 subsection 2, or a hotel, motel, inn, or other building
23 where rooms or dwelling units are usually rented for
24 less than one month be classified as multiresidential
25 property under this subsection.

26 **d.** As used in this subsection:

27 (1) "*Assisted living facility*" means property for
28 providing assisted living as defined in section 231C.2.
29 "*Assisted living facility*" also includes a health care
30 facility, as defined in section 135C.1, an elder group
31 home, as defined in section 231B.1, a child foster care
32 facility under chapter 237, or property used for a
33 hospice program as defined in section 135J.1.

34 (2) "*Dwelling unit*" means an apartment, group of
35 rooms, or single room which is occupied as separate
36 living quarters or, if vacant, is intended for
37 occupancy as separate living quarters, in which a
38 tenant can live and sleep separately from any other
39 persons in the building.

40 (3) "*Land-leased community*" means the same as
41 defined in sections 335.30A and 414.28A.

42 (4) "*Manufactured home community*" means the same as
43 a land-leased community.

44 (5) "*Mobile home park*" means the same as defined in
45 section 435.1.

46 Sec. 18. Section 558.46, subsection 5, Code 2013,
47 is amended to read as follows:

48 5. For the purposes of this section, "*residential*
49 *property*" includes ~~commercial~~ multiresidential property
50 as defined in section 441.21, subsection 13, consisting

1 of three or more separate living quarters with at least
2 seventy-five percent of the space used for residential
3 purposes.

4 Sec. 19. APPLICABILITY. This division of this
5 Act applies to assessment years beginning on or after
6 January 1, 2014.

7 DIVISION IV

8 TELECOMMUNICATIONS COMPANY PROPERTY TAXATION

9 Sec. 20. Section 427A.1, subsection 1, paragraph h,
10 Code 2013, is amended to read as follows:

11 h. Property assessed by the department of revenue
12 pursuant to sections 428.24 to 428.29, or chapters
13 ~~433, 434~~, 437, 437A, and 438.

14 Sec. 21. Section 427A.1, subsection 1, Code 2013,
15 is amended by adding the following new paragraph:

16 NEW PARAGRAPH. *oi.* Qualified telephone company
17 property that is used in the transaction of telegraph
18 and telephone business by a company that is subject to
19 assessment by the department of revenue pursuant to
20 chapter 433. "*Qualified telephone company property*"
21 means poles, aerial cable, underground cable, buried
22 cable, submarine and deep sea cable, intrabuilding
23 network cable, aerial wire, and conduit systems, all
24 within the meaning of the telecommunications companies
25 account provisions of 47 C.F.R. pt. 32, in effect on
26 the effective date of this division of this Act.

27 Sec. 22. Section 433.1, subsection 4, Code 2013, is
28 amended to read as follows:

29 4. The whole number of stations on each line, and
30 the value of the same, ~~including furniture.~~

31 Sec. 23. Section 433.4, Code 2013, is amended to
32 read as follows:

33 433.4 Assessment.

34 The director of revenue shall on or before October
35 31 each year and in the same manner and subject to the
36 provisions for the assessment of property assessed
37 as commercial property by the local assessor under
38 chapters 427, 427A, 427B, 428, and 441, proceed to find
39 the actual value of the property of these companies
40 in this state that is used by the companies in the
41 transaction of telegraph and telephone business, taking
42 into consideration the information obtained from the
43 statements required, and any further information the
44 director can obtain, using the same as a means for
45 determining the actual cash value of the property
46 of these companies within this state. The director
47 shall also take into consideration the valuation of
48 all property of these companies, including franchises
49 and the use of the property in connection with lines
50 outside the state, and making these deductions as may

1 be necessary on account of extra value of property
2 outside the state as compared with the value of
3 property in the state, in order that the actual cash
4 value of the property of the company within this state
5 may be ascertained. ~~The assessment shall include~~
6 ~~all property of every kind and character whatsoever,~~
7 ~~real, personal, or mixed, used by the companies in the~~
8 ~~transaction of telegraph and telephone business; and~~
9 ~~the~~ The property so included in the assessment shall
10 not be taxed in any other manner than as provided in
11 this chapter.

12 Sec. 24. Section 441.21, subsection 5, Code 2013,
13 is amended to read as follows:

14 5. For valuations established as of January 1,
15 1979, commercial property and industrial property,
16 excluding properties referred to in section 427A.1,
17 subsection 8, shall be assessed as a percentage of
18 the actual value of each class of property. The
19 percentage shall be determined for each class of
20 property by the director of revenue for the state in
21 accordance with the provisions of this section. For
22 valuations established as of January 1, 1979, the
23 percentage shall be the quotient of the dividend and
24 divisor as defined in this section. The dividend
25 for each class of property shall be the total actual
26 valuation for each class of property established for
27 1978, plus six percent of the amount so determined.
28 The divisor for each class of property shall be the
29 valuation for each class of property established for
30 1978, as reported by the assessors on the abstracts
31 of assessment for 1978, plus the amount of value
32 added to the total actual value by the revaluation
33 of existing properties in 1979 as equalized by the
34 director of revenue pursuant to section 441.49. For
35 valuations established as of January 1, 1979, property
36 valued by the department of revenue pursuant to
37 chapters 428, ~~433,~~437, and 438 shall be considered
38 as one class of property and shall be assessed as a
39 percentage of its actual value. The percentage shall
40 be determined by the director of revenue in accordance
41 with the provisions of this section. For valuations
42 established as of January 1, 1979, the percentage
43 shall be the quotient of the dividend and divisor as
44 defined in this section. The dividend shall be the
45 total actual valuation established for 1978 by the
46 department of revenue, plus ten percent of the amount
47 so determined. The divisor for property valued by
48 the department of revenue pursuant to chapters 428,
49 ~~433,~~437, and 438 shall be the valuation established
50 for 1978, plus the amount of value added to the total

1 actual value by the revaluation of the property by
2 the department of revenue as of January 1, 1979.
3 For valuations established as of January 1, 1980,
4 commercial property and industrial property, excluding
5 properties referred to in section 427A.1, subsection
6 8, shall be assessed at a percentage of the actual
7 value of each class of property. The percentage
8 shall be determined for each class of property by
9 the director of revenue for the state in accordance
10 with the provisions of this section. For valuations
11 established as of January 1, 1980, the percentage
12 shall be the quotient of the dividend and divisor as
13 defined in this section. The dividend for each class
14 of property shall be the dividend as determined for
15 each class of property for valuations established as
16 of January 1, 1979, adjusted by the product obtained
17 by multiplying the percentage determined for that year
18 by the amount of any additions or deletions to actual
19 value, excluding those resulting from the revaluation
20 of existing properties, as reported by the assessors
21 on the abstracts of assessment for 1979, plus four
22 percent of the amount so determined. The divisor
23 for each class of property shall be the total actual
24 value of all such property in 1979, as equalized by
25 the director of revenue pursuant to section 441.49,
26 plus the amount of value added to the total actual
27 value by the revaluation of existing properties in
28 1980. The director shall utilize information reported
29 on the abstracts of assessment submitted pursuant
30 to section 441.45 in determining such percentage.
31 For valuations established as of January 1, 1980,
32 property valued by the department of revenue pursuant
33 to chapters 428, ~~433~~, 437, and 438 shall be assessed
34 at a percentage of its actual value. The percentage
35 shall be determined by the director of revenue in
36 accordance with the provisions of this section. For
37 valuations established as of January 1, 1980, the
38 percentage shall be the quotient of the dividend and
39 divisor as defined in this section. The dividend shall
40 be the total actual valuation established for 1979 by
41 the department of revenue, plus eight percent of the
42 amount so determined. The divisor for property valued
43 by the department of revenue pursuant to chapters 428,
44 ~~433~~, 437, and 438 shall be the valuation established
45 for 1979, plus the amount of value added to the total
46 actual value by the revaluation of the property by
47 the department of revenue as of January 1, 1980. For
48 valuations established as of January 1, 1981, and
49 each year thereafter, the percentage of actual value
50 as equalized by the director of revenue as provided

1 in section 441.49 at which commercial property and
2 industrial property, excluding properties referred to
3 in section 427A.1, subsection 8, shall be assessed
4 shall be calculated in accordance with the methods
5 provided herein, except that any references to six
6 percent in this subsection shall be four percent. For
7 valuations established as of January 1, 1981, and
8 each year thereafter, the percentage of actual value
9 at which property valued by the department of revenue
10 pursuant to chapters 428, ~~433~~, 437, and 438 shall be
11 assessed shall be calculated in accordance with the
12 methods provided herein, except that any references to
13 ten percent in this subsection shall be eight percent.
14 For valuations established on or after January 1, 2013,
15 property valued by the department of revenue pursuant
16 to chapter 433 shall be assessed at a percentage of
17 its actual value. For valuations established for
18 the assessment year beginning January 1, 2013, the
19 percentage of actual value at which property valued by
20 the department of revenue pursuant to chapter 433 shall
21 be assessed shall be eighty percent. For valuations
22 established for the assessment year beginning January
23 1, 2014, and each year thereafter, the percentage of
24 actual value at which property valued by the department
25 of revenue pursuant to chapter 433 shall be assessed
26 shall be sixty percent. Beginning with valuations
27 established as of January 1, 1979, and each year
28 thereafter, property valued by the department of
29 revenue pursuant to chapter 434 shall also be assessed
30 at a percentage of its actual value which percentage
31 shall be equal to the percentage determined by the
32 director of revenue for commercial property, industrial
33 property, or property valued by the department of
34 revenue pursuant to chapters 428, ~~433~~, 437, and 438,
35 whichever is lowest.

36 Sec. 25. Section 441.21, subsections 9 and 10, Code
37 2013, are amended to read as follows:

38 9. Not later than November 1, 1979, and November
39 1 of each subsequent year, the director shall certify
40 to the county auditor of each county the percentages
41 of actual value at which residential property,
42 agricultural property, commercial property, industrial
43 property, property valued by the department of
44 revenue under chapter 433, and property valued by
45 the department of revenue pursuant to chapters 428,
46 ~~433~~, 434, 437, and 438 in each assessing jurisdiction
47 in the county shall be assessed for taxation. The
48 county auditor shall proceed to determine the assessed
49 values of agricultural property, residential property,
50 commercial property, industrial property, property

1 valued by the department of revenue under chapter
2 433, and property valued by the department of revenue
3 pursuant to chapters 428, 433, 434, 437, and 438 by
4 applying such percentages to the current actual value
5 of such property, as reported to the county auditor by
6 the assessor, and the assessed values so determined
7 shall be the taxable values of such properties upon
8 which the levy shall be made.

9 10. The percentage of actual value computed by
10 the director for agricultural property, residential
11 property, commercial property, industrial property,
12 property valued by the department of revenue under
13 chapter 433, and property valued by the department of
14 revenue pursuant to chapters 428, 433, 434, 437, and 438
15 and used to determine assessed values of those classes
16 of property does not constitute a rule as defined in
17 section 17A.2, subsection 11.

18 Sec. 26. Section 476.1D, subsection 10, Code 2013,
19 is amended by striking the subsection.

20 Sec. 27. EFFECTIVE DATE. The sections of this
21 division of this Act amending section 441.21, being
22 deemed of immediate importance, take effect upon
23 enactment.

24 Sec. 28. APPLICABILITY.

25 1. Except as provided in subsection 2, this
26 division of this Act applies to assessment years
27 beginning on or after January 1, 2014.

28 2. The sections of this division of this Act
29 amending section 441.21 apply retroactively to
30 assessment years beginning on or after January 1,
31 2013.

32 DIVISION V

33 TAXPAYERS TRUST FUND

34 Sec. 29. Section 8.54, subsection 5, Code 2013, is
35 amended by striking the subsection.

36 Sec. 30. Section 8.55, subsection 2, Code 2013, is
37 amended to read as follows:

38 2. The maximum balance of the fund is the amount
39 equal to two and one-half percent of the adjusted
40 revenue estimate for the fiscal year. If the amount of
41 moneys in the Iowa economic emergency fund is equal to
42 the maximum balance, moneys in excess of this amount
43 shall be ~~distributed as follows:~~

44 ~~a. The first sixty million dollars of the~~
45 ~~difference between the actual net revenue for the~~
46 ~~general fund of the state for the fiscal year and the~~
47 ~~adjusted revenue estimate for the fiscal year shall be~~
48 ~~transferred to the taxpayers trust fund.~~

49 ~~b. The remainder of the excess, if any, shall be~~
50 ~~transferred to the general fund of the state.~~

1 Sec. 31. Section 8.57E, subsection 2, Code 2013, is
2 amended to read as follows:

3 2. Moneys in the taxpayers trust fund shall only
4 be used pursuant to appropriations or transfers made
5 by the general assembly for tax relief. During each
6 fiscal year beginning on or after July 1, 2014, in
7 which the balance of the taxpayers trust fund equals or
8 exceeds thirty million dollars, there is transferred
9 from the taxpayers trust fund to the Iowa taxpayers
10 trust fund tax credit fund created in section 422.11E,
11 the entire balance of the taxpayers trust fund to be
12 used for the Iowa taxpayers trust fund tax credit in
13 accordance with section 422.11E, subsection 5.

14 Sec. 32. Section 8.58, Code 2013, is amended to
15 read as follows:

16 **8.58 Exemption from automatic application.**

17 1. ~~To the extent that moneys appropriated under~~
18 ~~section 8.57 do not result in moneys being credited~~
19 ~~to the general fund under section 8.55, subsection 2,~~
20 ~~moneys~~ Moneys appropriated under insection 8.57 and
21 moneys contained in the cash reserve fund, rebuild
22 Iowa infrastructure fund, environment first fund, Iowa
23 economic emergency fund, and taxpayers trust fund shall
24 not be considered in the application of any formula,
25 index, or other statutory triggering mechanism which
26 would affect appropriations, payments, or taxation
27 rates, contrary provisions of the Code notwithstanding.

28 2. ~~To the extent that moneys appropriated under~~
29 ~~section 8.57 do not result in moneys being credited~~
30 ~~to the general fund under section 8.55, subsection 2,~~
31 ~~moneys~~ Moneys appropriated under insection 8.57 and
32 moneys contained in the cash reserve fund, rebuild
33 Iowa infrastructure fund, environment first fund, Iowa
34 economic emergency fund, and taxpayers trust fund shall
35 not be considered by an arbitrator or in negotiations
36 under chapter 20.

37 Sec. 33. EFFECTIVE UPON ENACTMENT. This division
38 of this Act, being deemed of immediate importance,
39 takes effect upon enactment.

40 Sec. 34. RETROACTIVE APPLICABILITY. This division
41 of this Act applies retroactively to July 1, 2012, to
42 moneys attributed to fiscal years beginning on or after
43 July 1, 2012.

44 DIVISION VI

45 IOWA TAXPAYERS TRUST FUND TAX CREDIT

46 Sec. 35. TAXPAYERS TRUST FUND — IOWA TAXPAYERS
47 TRUST FUND TAX CREDIT TRANSFER. During the fiscal
48 year beginning July 1, 2013, there is transferred from
49 the taxpayers trust fund created in section 8.57E to
50 the Iowa taxpayers trust fund tax credit fund created

1 in section 422.11E, an amount equal to the sum of
2 the balance of the taxpayers trust fund as determined
3 after the close of the fiscal year beginning July 1,
4 2012, and ending June 30, 2013, including the amount
5 transferred for that fiscal year to the taxpayers trust
6 fund from the Iowa economic emergency fund created
7 in section 8.55 in the fiscal year beginning July 1,
8 2013, and ending June 30, 2014, to be used for the Iowa
9 taxpayers trust fund tax credit in accordance with
10 section 422.11E, subsection 5.

11 Sec. 36. Section 257.21, unnumbered paragraph 2,
12 Code 2013, is amended to read as follows:

13 The instructional support income surtax shall be
14 imposed on the state individual income tax for the
15 calendar year during which the school's budget year
16 begins, or for a taxpayer's fiscal year ending during
17 the second half of that calendar year and after the
18 date the board adopts a resolution to participate
19 in the program or the first half of the succeeding
20 calendar year, and shall be imposed on all individuals
21 residing in the school district on the last day of
22 the applicable tax year. As used in this section,
23 "*state individual income tax*" means the taxes computed
24 under section 422.5, less the amounts of nonrefundable
25 credits allowed under chapter 422, division II, except
26 for the Iowa taxpayers trust fund tax credit allowed
27 under section 422.11E.

28 Sec. 37. NEW SECTION. 422.11E Iowa taxpayers trust
29 fund tax credit.

30 1. For purposes of this section, unless the context
31 otherwise requires:

32 a. "*Eligible individual*" means, with respect to
33 a tax year, an individual who makes and files an
34 individual income tax return pursuant to section
35 422.13. "*Eligible individual*" does not include
36 an estate or trust, or an individual for whom an
37 individual income tax return was not timely filed,
38 including extensions.

39 b. "*Unclaimed tax credit*" means, with respect to
40 a tax year, the aggregate amount by which the Iowa
41 taxpayers trust fund tax credits that were eligible to
42 be claimed by eligible individuals, if any, exceeds the
43 Iowa taxpayers trust fund tax credits actually claimed
44 by eligible individuals, if any.

45 2. The taxes imposed under this division, less the
46 credits allowed under this division except the credits
47 for withheld tax and estimated tax paid in section
48 422.16, shall be reduced by an Iowa taxpayers trust
49 fund tax credit to an eligible individual for the tax
50 year beginning January 1 immediately preceding July 1

1 of any fiscal year during which a transfer, if any, is
2 made from the taxpayers trust fund in section 8.57E to
3 the Iowa taxpayers trust fund tax credit fund created
4 in this section.

5 3. The credit shall be equal to the quotient of
6 the amount transferred to the Iowa taxpayers trust
7 fund tax credit fund in the applicable fiscal year,
8 divided by the number of eligible individuals for the
9 tax year immediately preceding the tax year for which
10 the credit in this section is allowed, as determined
11 by the director of revenue in accordance with this
12 section, rounded down to the nearest whole dollar. The
13 department of revenue shall draft the income tax form
14 for any tax year in which a credit will be allowed
15 under this section to provide the information and space
16 necessary for eligible individuals to claim the credit.

17 4. Any credit in excess of the taxpayer's liability
18 for the tax year is not refundable and shall not be
19 credited to the tax liability for any following year
20 or carried back to a tax year prior to the tax year in
21 which the taxpayer claims the credit.

22 5. a. There is established within the state
23 treasury under the control of the department an Iowa
24 taxpayers trust fund tax credit fund consisting of any
25 moneys transferred by the general assembly by law from
26 the taxpayers trust fund created in section 8.57E for
27 purposes of the credit provided in this section. For
28 the fiscal year beginning July 1, 2013, and for each
29 fiscal year thereafter, the department shall transfer
30 from the Iowa taxpayers trust fund tax credit fund
31 to the general fund of the state, the lesser of the
32 balance of the Iowa taxpayers trust fund tax credit
33 fund or an amount of money equal to the Iowa taxpayers
34 trust fund tax credits claimed in that fiscal year, if
35 any. Any moneys in the Iowa taxpayers trust fund tax
36 credit fund which represent unclaimed tax credits shall
37 immediately revert to the taxpayers trust fund created
38 in section 8.57E. Interest or earnings on moneys in
39 the Iowa taxpayers trust fund tax credit fund shall be
40 credited to the taxpayers trust fund created in section
41 8.57E.

42 b. The moneys transferred to the general fund of
43 the state in accordance with this subsection shall not
44 be considered new revenues for purposes of the state
45 general fund expenditure limitation under section 8.54
46 but instead as replacement of a like amount included in
47 the expenditure limitation for the fiscal year in which
48 the transfer is made.

49 Sec. 38. Section 422D.2, Code 2013, is amended to
50 read as follows:

1 **422D.2 Local income surtax.**

2 A county may impose by ordinance a local income
3 surtax as provided in section 422D.1 at the rate set
4 by the board of supervisors, of up to one percent,
5 on the state individual income tax of each individual
6 residing in the county at the end of the individual's
7 applicable tax year. However, the cumulative total of
8 the percents of income surtax imposed on any taxpayer
9 in the county shall not exceed twenty percent. The
10 reason for imposing the surtax and the amount needed
11 shall be set out in the ordinance. The surtax rate
12 shall be set to raise only the amount needed. For
13 purposes of this section, "*state individual income tax*"
14 means the tax computed under section 422.5, less the
15 amounts of nonrefundable credits allowed under chapter
16 422, division II, except for the Iowa taxpayers trust
17 fund tax credit allowed under section 422.11E.

18 Sec. 39. EFFECTIVE UPON ENACTMENT. This division
19 of this Act, being deemed of immediate importance,
20 takes effect upon enactment.

21 Sec. 40. RETROACTIVE APPLICABILITY. This division
22 of this Act applies retroactively to January 1, 2013,
23 for tax years beginning on or after that date.

24 DIVISION VII

25 PROPERTY ASSESSMENT APPEALS

26 Sec. 41. Section 421.1A, subsection 6, Code 2013,
27 is amended to read as follows:

28 6. The members of the property assessment appeal
29 board shall receive compensation from the state
30 commensurate with the salary of a district judge
31 ~~through December 31, 2013.~~ The members of the board
32 shall be considered state employees for purposes of
33 salary and benefits. The members of the board and
34 any employees of the board, when required to travel
35 in the discharge of official duties, shall be paid
36 their actual and necessary expenses incurred in the
37 performance of duties.

38 Sec. 42. Section 421.1A, subsection 7, Code 2013,
39 is amended by striking the subsection.

40 Sec. 43. Section 441.21, subsection 3, Code 2013,
41 is amended to read as follows:

42 3. *a. "Actual value", "taxable value", or "assessed*
43 *value" as used in other sections of the Code in*
44 *relation to assessment of property for taxation shall*
45 *mean the valuations as determined by this section;*
46 *however, other provisions of the Code providing special*
47 *methods or formulas for assessing or valuing specified*
48 *property shall remain in effect, but this section*
49 *shall be applicable to the extent consistent with such*
50 *provisions. The assessor and department of revenue*

1 shall disclose at the written request of the taxpayer
2 all information in any formula or method used to
3 determine the actual value of the taxpayer's property.
4 *b.* The burden of proof shall be upon any
5 complainant attacking such valuation as excessive,
6 inadequate, inequitable, or capricious; however, in
7 protest or appeal proceedings when the complainant
8 offers competent evidence by at least two disinterested
9 witnesses that the market value of the property is less
10 than the market value determined by the assessor, the
11 burden of proof thereafter shall be upon the officials
12 or persons seeking to uphold such valuation to be
13 assessed.

14 Sec. 44. Section 441.35, subsection 2, Code 2013,
15 is amended to read as follows:

16 2. In any year after the year in which an
17 assessment has been made of all of the real estate
18 in any taxing district, the board of review shall
19 meet as provided in section 441.33, and where the
20 board finds the same has changed in value, the board
21 shall revalue and reassess any part or all of the
22 real estate contained in such taxing district, and
23 in such case, the board shall determine the actual
24 value as of January 1 of the year of the revaluation
25 and reassessment and compute the taxable value
26 thereof. ~~Any aggrieved taxpayer may petition for~~
27 ~~a revaluation of the taxpayer's property, but no~~
28 ~~reduction or increase shall be made for prior years.~~
29 If the assessment of any such property is raised, or
30 any property is added to the tax list by the board,
31 the clerk shall give notice in the manner provided in
32 section 441.36. However, if the assessment of all
33 property in any taxing district is raised, the board
34 may instruct the clerk to give immediate notice by one
35 publication in one of the official newspapers located
36 in the taxing district, and such published notice
37 shall take the place of the mailed notice provided for
38 in section 441.36, but all other provisions of that
39 section shall apply. The decision of the board as to
40 the foregoing matters shall be subject to appeal to the
41 property assessment appeal board within the same time
42 and in the same manner as provided in section 441.37A
43 and to the district court within the same time and in
44 the same manner as provided in section 441.38.

45 Sec. 45. Section 441.37, subsection 1, paragraphs a
46 and b, Code 2013, are amended to read as follows:

47 *a.* Any property owner or aggrieved taxpayer who is
48 dissatisfied with the owner's or taxpayer's assessment
49 may file a protest against such assessment with the
50 board of review on or after April 16, to and including

1 May 5, of the year of the assessment. In any county
2 which has been declared to be a disaster area by proper
3 federal authorities after March 1 and prior to May 20
4 of said year of assessment, the board of review shall
5 be authorized to remain in session until June 15 and
6 the time for filing a protest shall be extended to and
7 include the period from May 25 to June 5 of such year.
8 ~~Said~~ The protest shall be in writing and signed by the
9 one protesting or by the protester's duly authorized
10 agent. The taxpayer may have an oral hearing ~~thereon~~
11 on the protest if request therefor for the oral hearing
12 is made in writing is made at the time of filing the
13 protest. ~~Said~~ The protest must be confined to one or
14 more of the following grounds:

15 (1) For odd-numbered assessment years and for
16 even-numbered assessment years for property that was
17 reassessed in such even-numbered assessment year:

18 (a) That said assessment is not equitable as
19 compared with assessments of other like property in
20 the taxing district assessing jurisdiction. When this
21 ground is relied upon ~~as the basis of a protest the~~
22 ~~legal description and assessments of a representative~~
23 ~~number of comparable properties, as described by the~~
24 ~~aggrieved taxpayer shall be listed on the protest,~~
25 ~~otherwise said protest shall not be considered on this~~
26 ~~ground~~ consideration shall be given to whether the
27 other like property in the assessing jurisdiction was
28 appraised using a different appraisal methodology than
29 the methodology used to appraise the property that is
30 the subject of the protest.

31 (2) (b) That the property is assessed for more
32 than the value authorized by law, stating. When
33 this ground is relied upon, the specific amount which
34 the protesting party believes the property to be
35 overassessed, and the amount which the party considers
36 to be its actual value and the amount the party
37 ~~considers a fair assessment shall be stated.~~

38 (3) (c) That the property is not assessable, is
39 exempt from taxes, or is misclassified and stating the
40 reasons for the protest.

41 (4) (d) That there is an error in the assessment
42 and state the specific alleged error. When this ground
43 is relied upon, it may include but is not limited to
44 listing errors, clerical or mathematical errors, or
45 other errors that result in an error in the assessment.

46 (5) (e) That there is fraud in the assessment
47 which shall be specifically stated.

48 (2) For even-numbered assessment years, when the
49 property has not been reassessed in such even-numbered
50 assessment year, that there has been a decrease in the

1 value of the property from the previous reassessment
2 year. When this ground is relied upon, the decrease in
3 value shall be shown by comparing the market value of
4 the property as of January 1 of the current assessment
5 year and the actual value of the property for the
6 previous reassessment year. Such protest shall be
7 in the same manner as described in this section and
8 shall be reviewed by the local board of review pursuant
9 to section 441.35, subsection 2, but no reduction or
10 increase shall be made for prior years.

11 ~~b. In addition to the above, the property owner~~
12 ~~may protest annually to the board of review under~~
13 ~~the provisions of section 441.35, but such protest~~
14 ~~shall be in the same manner and upon the same terms as~~
15 ~~heretofore prescribed in this section. The burden of~~
16 ~~proof for all protests filed under this section shall~~
17 ~~be as stated in section 441.21, subsection 3, paragraph~~
18 ~~"b".~~

19 Sec. 46. Section 441.37A, subsection 1, paragraph
20 b, Code 2013, is amended to read as follows:

21 b. For an appeal to the property assessment appeal
22 board to be valid, written notice must be filed by
23 the party appealing the decision with the secretary
24 of the property assessment appeal board within twenty
25 days after the date the board of review's letter of
26 disposition of the appeal is postmarked to the party
27 making the protest adjournment of the local board of
28 review or May 31, whichever is later. The written
29 notice of appeal shall include a petition setting forth
30 the basis of the appeal and the relief sought. No new
31 grounds in addition to those set out in the protest
32 to the local board of review as provided in section
33 441.37 can be pleaded, but additional evidence to
34 sustain those grounds may be introduced. The assessor
35 shall have the same right to appeal to the assessment
36 appeal board as an individual taxpayer, public body, or
37 other public officer as provided in section 441.42. An
38 appeal to the board is a contested case under chapter
39 17A.

40 Sec. 47. Section 441.37A, subsection 2, paragraph
41 a, Code 2013, is amended to read as follows:

42 a. A party to the appeal may request a hearing or
43 the appeal may proceed without a hearing. If a hearing
44 is requested, the appellant and the local board of
45 review from which the appeal is taken shall be given
46 at least thirty days' written notice by the property
47 assessment appeal board of the date the appeal shall be
48 heard and the local board of review may be present and
49 participate at such hearing. Notice to all affected
50 taxing districts shall be deemed to have been given

1 when written notice is provided to the local board of
2 review. The requirement of thirty days' written notice
3 may be waived by mutual agreement of all parties to
4 the appeal. Failure by the appellant to appear at
5 the property assessment appeal board hearing shall be
6 ~~grounds for~~ result in dismissal of the appeal unless a
7 continuance is granted to the appellant by the board
8 following a showing of good cause for the appellant's
9 failure to appear. If an appeal is dismissed for
10 failure to appear, the property assessment appeal board
11 shall have no jurisdiction to consider any subsequent
12 appeal on the appellant's protest.

13 Sec. 48. Section 441.37A, subsection 3, paragraph
14 a, Code 2013, is amended to read as follows:

15 a. The board member considering the appeal shall
16 determine anew all questions arising before the local
17 board of review which relate to the liability of
18 the property to assessment or the amount thereof.
19 All of the evidence shall be considered and there
20 shall be no presumption as to the correctness of the
21 valuation of assessment appealed from. The burden
22 of proof for all appeals before the board shall be
23 as stated in section 441.21, subsection 3, paragraph
24 "b". The property assessment appeal board shall make a
25 decision in each appeal filed with the board. If the
26 appeal is considered by less than a majority of the
27 board, the determination made by that member shall be
28 forwarded to the full board for approval, rejection, or
29 modification. If the initial determination is rejected
30 by the board, it shall be returned for reconsideration
31 to the board member making the initial determination.
32 Any deliberation of the board regarding an initial
33 determination shall be confidential.

34 Sec. 49. REPEAL. 2005 Iowa Acts, chapter 150,
35 section 134, is repealed.

36 Sec. 50. EFFECTIVE UPON ENACTMENT. This division
37 of this Act, being deemed of immediate importance,
38 takes effect upon enactment.

39 Sec. 51. APPLICABILITY. The following provisions
40 of this division of this Act apply to assessment years
41 beginning on or after January 1, 2014:

42 1. The section of this division of this Act
43 amending section 441.37.

44 2. The section of this division of this Act
45 amending section 441.35.

46 DIVISION VIII

47 COUNTY AND CITY BUDGET LIMITATION

48 Sec. 52. Section 23A.2, subsection 10, paragraph h,
49 Code 2013, is amended to read as follows:

50 h. The performance of an activity listed in

1 section 331.424, Code 2013 as a service for which a
2 ~~supplemental levy county may be certified include in~~
3 ~~its budget.~~

4 Sec. 53. Section 28M.5, subsection 2, Code 2013, is
5 amended to read as follows:

6 2. If a regional transit district budget allocates
7 revenue responsibilities to the board of supervisors
8 of a participating county, the amount of the regional
9 transit district levy that is the responsibility of the
10 participating county shall be deducted from the maximum
11 ~~rates amount~~ of taxes authorized to be levied by the
12 county pursuant to section 331.423, ~~subsections 1 and~~
13 ~~2 subsection 3, paragraph "b" and "c", as applicable,~~
14 unless the county meets its revenue responsibilities as
15 allocated in the budget from other available revenue
16 sources. However, for a regional transit district
17 that includes a county with a population of less than
18 three hundred thousand, the amount of the regional
19 transit district levy that is the responsibility of
20 such participating county shall be deducted from the
21 maximum ~~rate amount~~ of taxes authorized to be levied
22 by the county pursuant to section 331.423, subsection
23 ~~1 3, paragraph "b".~~

24 Sec. 54. Section 29C.17, subsection 2, paragraph a,
25 Code 2013, is amended by striking the paragraph.

26 Sec. 55. Section 123.38, subsection 2, Code 2013,
27 is amended to read as follows:

28 2. Any licensee or permittee, or the licensee's
29 or permittee's executor or administrator, or any
30 person duly appointed by the court to take charge of
31 and administer the property or assets of the licensee
32 or permittee for the benefit of the licensee's or
33 permittee's creditors, may voluntarily surrender a
34 license or permit to the division. When a license
35 or permit is surrendered the division shall notify
36 the local authority, and the division or the local
37 authority shall refund to the person surrendering the
38 license or permit, a proportionate amount of the fee
39 received by the division or the local authority for
40 the license or permit as follows: if a license or
41 permit is surrendered during the first three months
42 of the period for which it was issued, the refund
43 shall be three-fourths of the amount of the fee;
44 if surrendered more than three months but not more
45 than six months after issuance, the refund shall be
46 one-half of the amount of the fee; if surrendered more
47 than six months but not more than nine months after
48 issuance, the refund shall be one-fourth of the amount
49 of the fee. No refund shall be made, however, for
50 any special liquor permit, nor for a liquor control

1 license, wine permit, or beer permit surrendered more
2 than nine months after issuance. For purposes of this
3 subsection, any portion of license or permit fees
4 used for the purposes authorized in section 331.424,
5 subsection 1, paragraph "a", subparagraphs (1) and
6 (2), Code 2013, and in section 331.424A, shall not be
7 deemed received either by the division or by a local
8 authority. No refund shall be made to any licensee or
9 permittee, upon the surrender of the license or permit,
10 if there is at the time of surrender, a complaint filed
11 with the division or local authority, charging the
12 licensee or permittee with a violation of this chapter.
13 If upon a hearing on a complaint the license or permit
14 is not revoked or suspended, then the licensee or
15 permittee is eligible, upon surrender of the license
16 or permit, to receive a refund as provided in this
17 section; but if the license or permit is revoked or
18 suspended upon hearing the licensee or permittee is not
19 eligible for the refund of any portion of the license
20 or permit fee.

21 Sec. 56. Section 218.99, Code 2013, is amended to
22 read as follows:

23 **218.99 Counties to be notified of patients' personal**
24 **accounts.**

25 The administrator in control of a state institution
26 shall direct the business manager of each institution
27 under the administrator's jurisdiction ~~which is~~
28 ~~mentioned in section 331.424, subsection 1, paragraph~~
29 ~~"a", subparagraphs (1) and (2), and for which services~~
30 are paid under section 331.424A, to quarterly inform
31 the county of legal settlement's entity designated to
32 perform the county's central point of coordination
33 process of any patient or resident who has an amount
34 in excess of two hundred dollars on account in the
35 patients' personal deposit fund and the amount on
36 deposit. The administrators shall direct the business
37 manager to further notify the entity designated to
38 perform the county's central point of coordination
39 process at least fifteen days before the release of
40 funds in excess of two hundred dollars or upon the
41 death of the patient or resident. If the patient or
42 resident has no county of legal settlement, notice
43 shall be made to the director of human services and the
44 administrator in control of the institution involved.

45 Sec. 57. Section 331.263, subsection 2, Code 2013,
46 is amended to read as follows:

47 2. The governing body of the community commonwealth
48 shall have the authority to levy county taxes and shall
49 have the authority to levy city taxes to the extent the
50 city tax levy authority is transferred by the charter

1 to the community commonwealth. A city participating
2 in the community commonwealth shall transfer a portion
3 of the city's tax levy authorized under section 384.1
4 or 384.12, whichever is applicable, to the governing
5 body of the community commonwealth. The maximum
6 ~~rates~~ amount of taxes authorized to be levied under
7 ~~sections~~ section 384.1 and the maximum amount of taxes
8 authorized to be levied under section 384.12 by a city
9 participating in the community commonwealth shall be
10 reduced by an amount equal to the rates of the same or
11 similar taxes levied in the city by the governing body
12 of the community commonwealth.

13 Sec. 58. Section 331.301, subsection 12, Code 2013,
14 is amended to read as follows:

15 12. The board of supervisors may credit funds to
16 a reserve for the purposes authorized by subsection
17 11 of this section; ~~section 331.424, subsection 1,~~
18 ~~paragraph "a", subparagraph (5);~~ and section 331.441,
19 subsection 2, paragraph "b". Moneys credited to the
20 reserve, and interest earned on such moneys, shall
21 remain in the reserve until expended for purposes
22 authorized by subsection 11 of this section; ~~section~~
23 ~~331.424, subsection 1, paragraph "a", subparagraph (5);~~
24 or section 331.441, subsection 2, paragraph "b".

25 Sec. 59. Section 331.421, subsections 1 and 10,
26 Code 2013, are amended by striking the subsections.

27 Sec. 60. Section 331.421, Code 2013, is amended by
28 adding the following new subsection:

29 **NEW SUBSECTION. 7A.** "Item" means a budgeted
30 expenditure, appropriation, or cash reserve from a
31 fund for a service area, program, program element, or
32 purpose.

33 Sec. 61. Section 331.422, unnumbered paragraph 1,
34 Code 2013, is amended to read as follows:

35 Subject to this section and sections 331.423 through
36 ~~331.426~~ 331.424 or as otherwise provided by state law,
37 the board of each county shall certify property taxes
38 annually at its March session to be levied for county
39 purposes as follows:

40 Sec. 62. Section 331.423, Code 2013, is amended by
41 striking the section and inserting in lieu thereof the
42 following:

43 **331.423 Property tax dollars — maximums.**

44 1. Annually, the board shall determine separate
45 property tax levy limits to pay for general county
46 services and rural county services in accordance with
47 this section. The property tax levies separately
48 certified for general county services and rural county
49 services under section 331.434 shall not raise property
50 tax dollars that exceed the amount determined under

1 this section.

2 2. For purposes of this section and section
3 331.423B, unless the context otherwise requires:

4 a. "*Annual growth factor*" means an index, expressed
5 as a percentage, determined by the department of
6 management by January 1 of the calendar year in which
7 the budget year begins. In determining the annual
8 growth factor, the department shall calculate the
9 average of the preceding twelve-month percentage
10 change, which shall be computed on a monthly basis,
11 in the midwest consumer price index, ending with the
12 percentage change for the month of November. The
13 department shall then add that average percentage
14 change to one hundred percent. In no case, however,
15 shall the annual growth factor exceed one hundred four
16 percent.

17 b. "*Boundary adjustment*" means annexation,
18 severance, incorporation, or discontinuance as those
19 terms are defined in section 368.1.

20 c. "*Budget year*" is the fiscal year beginning
21 during the calendar year in which a budget is
22 certified.

23 d. "*Current fiscal year*" is the fiscal year
24 ending during the calendar year in which a budget is
25 certified.

26 e. "*Net new valuation taxes*" means the amount of
27 property tax dollars equal to the current fiscal year's
28 levy rate in the county for general county services or
29 for rural county services, as applicable, multiplied by
30 the increase from the current fiscal year to the budget
31 year in taxable valuation due to the following:

32 (1) Net new construction, excluding all incremental
33 valuation that is released in any one year from either
34 a division of revenue under section 260E.4 or 357H.9,
35 or an urban renewal area for which taxes were being
36 divided under section 403.19 if the property for
37 the valuation being released remains subject to the
38 division of revenue under section 260E.4 or 357H.9, or
39 remains part of the urban renewal area that is subject
40 to a division of revenue under section 403.19.

41 (2) Additions or improvements to existing
42 structures.

43 (3) Remodeling of existing structures for which a
44 building permit is required.

45 (4) Net boundary adjustment.

46 (5) A municipality no longer dividing tax revenues
47 in an urban renewal area as provided in section 403.19,
48 a community college no longer dividing revenues as
49 provided in section 260E.4, or a rural improvement zone
50 no longer dividing revenues as provided in section

1 357H.9.
2 (6) That portion of taxable property located in an
3 urban revitalization area on which an exemption was
4 allowed and such exemption has expired.
5 3. a. For the fiscal year beginning July 1, 2014,
6 and subsequent fiscal years, the maximum amount of
7 property tax dollars which may be certified for levy by
8 a county for general county services and rural county
9 services shall be the maximum property tax dollars
10 calculated under paragraphs "b" and "c", respectively.
11 b. The maximum property tax dollars that may be
12 levied for general county services is an amount equal
13 to the sum of the following:
14 (1) The annual growth factor times the current
15 fiscal year's maximum property tax dollars for general
16 county services.
17 (2) The amount of net new valuation taxes in the
18 county.
19 c. The maximum property tax dollars that may be
20 levied for rural county services is an amount equal to
21 the sum of the following:
22 (1) The annual growth factor times the current
23 fiscal year's maximum property tax dollars for rural
24 county services.
25 (2) The amount of net new valuation taxes in the
26 unincorporated area of the county.
27 4. a. For purposes of calculating maximum property
28 tax dollars for general county services for the fiscal
29 year beginning July 1, 2014, only, the term "*current*
30 *fiscal year's maximum property tax dollars*" shall mean
31 the total amount of property tax dollars certified by
32 the county for general county services for the fiscal
33 year beginning July 1, 2013.
34 b. For purposes of calculating maximum property tax
35 dollars for rural county services for the fiscal year
36 beginning July 1, 2014, only, the term "*current fiscal*
37 *year's maximum property tax dollars*" shall mean the
38 total amount of property tax dollars certified by the
39 county for rural county services for the fiscal year
40 beginning July 1, 2013.
41 5. Property taxes certified for mental health,
42 mental retardation, and developmental disabilities
43 services, the emergency services fund in section
44 331.424C, the debt service fund in section 331.430,
45 any capital projects fund established by the county
46 for deposit of bond, loan, or note proceeds, and
47 any temporary increase approved pursuant to section
48 331.424, are not included in the maximum amount of
49 property tax dollars that may be certified for a budget
50 year under subsection 3.

1 6. The department of management, in consultation
2 with the county finance committee, shall adopt rules
3 to administer this section. The department shall
4 prescribe forms to be used by counties when making
5 calculations required by this section.

6 Sec. 63. NEW SECTION. 331.423B Ending fund
7 balance.

8 1. a. Budgeted ending fund balances for a budget
9 year in excess of twenty-five percent of budgeted
10 expenditures in either the general fund or rural
11 services fund for that budget year shall be explicitly
12 reserved or designated for a specific purpose.

13 b. A county is encouraged, but not required, to
14 reduce ending fund balances for the budget year to an
15 amount equal to approximately twenty-five percent of
16 budgeted expenditures and transfers from the general
17 fund and rural services fund for that budget year
18 unless a decision is certified by the state appeal
19 board ordering a reduction in the ending fund balance
20 of any of those funds.

21 c. In a protest to the county budget under section
22 331.436, the county shall have the burden of proving
23 that the budgeted balances in excess of twenty-five
24 percent are reasonably likely to be appropriated for
25 the explicitly reserved or designated specific purpose.
26 The excess budgeted balance for the specific purpose
27 shall be considered an increase in an item in the
28 budget for purposes of section 24.28.

29 2. a. For a county that has, as of June 30, 2013,
30 reduced its actual ending fund balance to less than
31 twenty-five percent of actual expenditures, additional
32 property taxes may be computed and levied as provided
33 in this subsection. The additional property tax levy
34 amount is an amount not to exceed twenty-five percent
35 of actual expenditures from the general fund and rural
36 services fund for the fiscal year beginning July 1,
37 2012, minus the combined ending fund balances for those
38 funds for that year.

39 b. The amount of the additional property taxes
40 shall be apportioned between the general fund and the
41 rural services fund. However, the amount apportioned
42 for general county services and for rural county
43 services shall not exceed for each fund twenty-five
44 percent of actual expenditures for the fiscal year
45 beginning July 1, 2012.

46 c. All or a portion of additional property tax
47 dollars may be levied for the purpose of increasing
48 cash reserves for general county services and rural
49 county services in the budget year. The additional
50 property tax dollars authorized under this subsection

1 but not levied may be carried forward as unused ending
2 fund balance taxing authority until and for the fiscal
3 year beginning July 1, 2019. The amount carried
4 forward shall not exceed twenty-five percent of the
5 maximum amount of property tax dollars available in
6 the current fiscal year. Additionally, property taxes
7 that are levied as unused ending fund balance taxing
8 authority under this subsection may be the subject of
9 a protest under section 331.436, and the amount will
10 be considered an increase in an item in the budget for
11 purposes of section 24.28. The amount of additional
12 property taxes levied under this subsection shall not
13 be included in the computation of the maximum amount of
14 property tax dollars which may be certified and levied
15 under section 331.423.

16 Sec. 64. Section 331.424, Code 2013, is amended by
17 striking the section and inserting in lieu thereof the
18 following:

19 **331.424 Authority to levy beyond maximum property**
20 **tax dollars.**

21 1. The board may certify additions to the maximum
22 amount of property tax dollars to be levied for
23 a period of time not to exceed two years if the
24 proposition has been submitted at a special election
25 and received a favorable majority of the votes cast on
26 the proposition.

27 2. The special election is subject to the
28 following:

29 a. The board must give at least thirty-two days'
30 notice to the county commissioner of elections that the
31 special election is to be held. In no case, however,
32 shall a notice be given to the county commissioner
33 of elections after December 31 for an election on a
34 proposition to exceed the statutory limits during the
35 fiscal year beginning in the next calendar year.

36 b. The special election shall be conducted by the
37 county commissioner of elections in accordance with
38 law.

39 c. The proposition to be submitted shall be
40 substantially in the following form:

41 Vote "yes" or "no" on the following: Shall the
42 county of _____ levy for an additional \$ _____ each
43 year for _____ years beginning July 1, _____, in excess
44 of the statutory limits otherwise applicable for the
45 (general county services or rural services) fund?

46 d. The canvass shall be held beginning at 1:00 p.m.
47 on the second day which is not a holiday following the
48 special election.

49 e. Notice of the special election shall be
50 published at least once in a newspaper as specified

1 in section 331.305 prior to the date of the special
2 election. The notice shall appear as early as
3 practicable after the board has voted to submit a
4 proposition to the voters to levy additional property
5 tax dollars.

6 3. Registered voters in the county may vote on the
7 proposition to increase property taxes for the general
8 fund in excess of the statutory limit. Registered
9 voters residing outside the corporate limits of a
10 city within the county may vote on the proposition to
11 increase property taxes for the rural services fund in
12 excess of the statutory limit.

13 4. The amount of additional property tax dollars
14 certified under this section shall not be included in
15 the computation of the maximum amount of property tax
16 dollars which may be certified and levied under section
17 331.423.

18 Sec. 65. Section 331.424A, subsection 4, Code 2013,
19 is amended to read as follows:

20 4. For the fiscal year beginning July 1, 1996,
21 and for each subsequent fiscal year, the county shall
22 certify a levy for payment of services. For each
23 fiscal year, county revenues from taxes imposed by the
24 county credited to the services fund shall not exceed
25 an amount equal to the amount of base year expenditures
26 for services as defined in section 331.438, less the
27 amount of property tax relief to be received pursuant
28 to section 426B.2, in the fiscal year for which the
29 budget is certified. The county auditor and the
30 board of supervisors shall reduce the amount of the
31 levy certified for the services fund by the amount of
32 property tax relief to be received. A levy certified
33 under this section is not subject to ~~the appeal~~
34 ~~provisions of section 331.426 or to any other provision~~
35 in law authorizing a county to exceed, increase, or
36 appeal a property tax levy limit.

37 Sec. 66. Section 331.427, subsection 3, paragraph
38 1, Code 2013, is amended to read as follows:

39 1. Services listed in section 331.424, subsection
40 1, Code 2013, and section 331.554.

41 Sec. 67. Section 331.428, subsection 2, paragraph
42 d, Code 2013, is amended to read as follows:

43 d. Services listed under section 331.424,
44 subsection 2, Code 2013.

45 Sec. 68. Section 331.434, unnumbered paragraph 1,
46 Code 2013, is amended to read as follows:

47 Annually, the board of each county, subject to
48 section 331.403, subsection 4, sections 331.423 through
49 ~~331.426~~ 331.424, and other applicable state law, shall
50 prepare and adopt a budget, certify taxes, and provide

1 appropriations as follows:

2 Sec. 69. Section 331.435, unnumbered paragraph 1,
3 Code 2013, is amended to read as follows:

4 The board may amend the adopted county budget,
5 subject to sections 331.423 through ~~331.426~~ 331.424 and
6 other applicable state law, to permit increases in any
7 class of proposed expenditures contained in the budget
8 summary published under section 331.434, subsection 3.

9 Sec. 70. Section 373.10, Code 2013, is amended to
10 read as follows:

11 **373.10 Taxing authority.**

12 The metropolitan council shall have the authority
13 to levy city taxes to the extent the city tax levy
14 authority is transferred by the charter to the
15 metropolitan council. A member city shall transfer
16 a portion of the city's tax levy authorized under
17 section 384.1 or 384.12, whichever is applicable, to
18 the metropolitan council. The maximum ~~rates~~ amount of
19 taxes authorized to be levied under ~~sections~~ section
20 384.1 and the taxes authorized to be levied under
21 section 384.12 by a member city shall be reduced by an
22 amount equal to the rates of the same or similar taxes
23 levied in the city by the metropolitan council.

24 Sec. 71. Section 384.1, Code 2013, is amended by
25 striking the section and inserting in lieu thereof the
26 following:

27 **384.1 Property tax dollars — maximums.**

28 1. A city shall certify taxes to be levied by the
29 city on all taxable property within the city limits,
30 for all city government purposes. Annually, the city
31 council may certify basic levies for city government
32 purposes, subject to the limitation on property tax
33 dollars provided in this section.

34 2. For purposes of this section and section 384.1B,
35 unless the context otherwise requires:

36 a. *"Annual growth factor"* means an index, expressed
37 as a percentage, determined by the department of
38 management by January 1 of the calendar year in which
39 the budget year begins. In determining the annual
40 growth factor, the department shall calculate the
41 average of the preceding twelve-month percentage
42 change, which shall be computed on a monthly basis,
43 in the midwest consumer price index, ending with the
44 percentage change for the month of November. The
45 department shall then add that average percentage
46 change to one hundred percent. In no case, however,
47 shall the annual growth factor exceed one hundred four
48 percent.

49 b. *"Boundary adjustment"* means annexation,
50 severance, incorporation, or discontinuance as those

1 terms are defined in section 368.1.
2 *c. "Budget year"* is the fiscal year beginning
3 during the calendar year in which a budget is
4 certified.
5 *d. "Current fiscal year"* is the fiscal year
6 ending during the calendar year in which a budget is
7 certified.
8 *e. "Net new valuation taxes"* means the amount of
9 property tax dollars equal to the current fiscal year's
10 levy rate in the city for the general fund multiplied
11 by the increase from the current fiscal year to the
12 budget year in taxable valuation due to the following:
13 (1) Net new construction, excluding all incremental
14 valuation that is released in any one year from either
15 a division of revenue under section 260E.4 or an urban
16 renewal area for which taxes were being divided under
17 section 403.19 if the property for the valuation being
18 released remains subject to the division of revenue
19 under section 260E.4 or remains part of the urban
20 renewal area that is subject to a division of revenue
21 under section 403.19.
22 (2) Additions or improvements to existing
23 structures.
24 (3) Remodeling of existing structures for which a
25 building permit is required.
26 (4) Net boundary adjustment.
27 (5) A municipality no longer dividing tax revenues
28 in an urban renewal area as provided in section 403.19
29 or a community college no longer dividing revenues as
30 provided in section 260E.4.
31 (6) That portion of taxable property located in an
32 urban revitalization area on which an exemption was
33 allowed and such exemption has expired.
34 3. *a.* For the fiscal year beginning July 1, 2014,
35 and subsequent fiscal years, the maximum amount of
36 property tax dollars which may be certified for levy
37 by a city for the general fund shall be the maximum
38 property tax dollars calculated under paragraph *"b"*.
39 *b.* The maximum property tax dollars that may be
40 levied for deposit in the general fund is an amount
41 equal to the sum of the following:
42 (1) The annual growth factor times the current
43 fiscal year's maximum property tax dollars for the
44 general fund.
45 (2) The amount of net new valuation taxes in the
46 city.
47 4. For purposes of calculating maximum property tax
48 dollars for the city general fund for the fiscal year
49 beginning July 1, 2014, only, the term *"current fiscal*
50 *year's maximum property tax dollars"* shall mean the

1 total amount of property tax dollars certified by the
2 city for the city's general fund for the fiscal year
3 beginning July 1, 2013.

4 5. Property taxes certified for deposit in the
5 debt service fund in section 384.4, trust and agency
6 funds in section 384.6, capital improvements reserve
7 fund in section 384.7, the emergency fund in section
8 384.8, any capital projects fund established by the
9 city for deposit of bond, loan, or note proceeds,
10 any temporary increase approved pursuant to section
11 384.12A, property taxes collected from a voted levy
12 in section 384.12, and property taxes levied under
13 section 384.12, subsection 18, are not counted against
14 the maximum amount of property tax dollars that may be
15 certified for a fiscal year under subsection 3.

16 6. Notwithstanding the maximum amount of taxes
17 a city may certify for levy, the tax levied by a
18 city on tracts of land and improvements on the
19 tracts of land used and assessed for agricultural or
20 horticultural purposes shall not exceed three dollars
21 and three-eighths cents per thousand dollars of
22 assessed value in any year. Improvements located on
23 such tracts of land and not used for agricultural or
24 horticultural purposes and all residential dwellings
25 are subject to the same rate of tax levied by the city
26 on all other taxable property within the city.

27 7. The department of management, in consultation
28 with the city finance committee, shall adopt rules
29 to administer this section. The department shall
30 prescribe forms to be used by cities when making
31 calculations required by this section.

32 **Sec. 72. NEW SECTION. 384.1B Ending fund balance.**

33 1. a. Budgeted ending fund balances for a budget
34 year in excess of twenty-five percent of budgeted
35 expenditures from the general fund for that budget
36 year shall be explicitly reserved or designated for a
37 specific purpose.

38 b. A city is encouraged, but not required, to
39 reduce ending fund balances for the budget year to
40 an amount equal to approximately twenty-five percent
41 of budgeted expenditures and transfers from the
42 general fund for that budget year unless a decision
43 is certified by the state appeal board ordering a
44 reduction in the ending fund balance of the fund.

45 c. In a protest to the city budget under section
46 384.19, the city shall have the burden of proving
47 that the budgeted balances in excess of twenty-five
48 percent are reasonably likely to be appropriated for
49 the explicitly reserved or designated specific purpose.
50 The excess budgeted balance for the specific purpose

1 shall be considered an increase in an item in the
2 budget for purposes of section 24.28.
3 2. a. For a city that has, as of June 30,
4 2013, reduced its ending fund balance to less than
5 twenty-five percent of actual expenditures, additional
6 property taxes may be computed and levied as provided
7 in this subsection. The additional property tax levy
8 amount is an amount not to exceed the difference
9 between twenty-five percent of actual expenditures for
10 city government purposes for the fiscal year beginning
11 July 1, 2012, minus the ending fund balance for that
12 year.

13 b. All or a portion of additional property tax
14 dollars may be levied for the purpose of increasing
15 cash reserves for city government purposes in the
16 budget year. The additional property tax dollars
17 authorized under this subsection but not levied may be
18 carried forward as unused ending fund balance taxing
19 authority until and for the fiscal year beginning
20 July 1, 2019. The amount carried forward shall not
21 exceed twenty-five percent of the maximum amount of
22 property tax dollars available in the current fiscal
23 year. Additionally, property taxes that are levied
24 as unused ending fund balance taxing authority under
25 this subsection may be the subject of a protest under
26 section 384.19, and the amount will be considered an
27 increase in an item in the budget for purposes of
28 section 24.28. The amount of additional property tax
29 dollars levied under this subsection shall not be
30 included in the computation of the maximum amount of
31 property tax dollars which may be certified and levied
32 under section 384.1.

33 Sec. 73. Section 384.12, subsection 19, Code 2013,
34 is amended by striking the subsection.

35 Sec. 74. **NEW SECTION. 384.12A Authority to levy**
36 **beyond maximum property tax dollars.**

37 1. The city council may certify additions to the
38 maximum amount of property tax dollars to be levied
39 for a period of time not to exceed two years if the
40 proposition has been submitted at a special election
41 and received a favorable majority of the votes cast on
42 the proposition.

43 2. The special election is subject to the
44 following:

45 a. The city council must give at least thirty-two
46 days' notice to the county commissioner of elections
47 that the special election is to be held. In no
48 case, however, shall a notice be given to the county
49 commissioner of elections after December 31 for an
50 election on a proposition to exceed the statutory

1 limits during the fiscal year beginning in the next
2 calendar year.

3 **b.** The special election shall be conducted by the
4 county commissioner of elections in accordance with
5 law.

6 **c.** The proposition to be submitted shall be
7 substantially in the following form:

8 Vote "yes" or "no" on the following: Shall the city
9 of _____ levy for an additional \$ _____ each year
10 for _____ years beginning next July 1, _____, in excess of
11 the statutory limits otherwise applicable for the city
12 general fund?

13 **d.** The canvass shall be held beginning at 1:00 p.m.
14 on the second day which is not a holiday following the
15 special election.

16 **e.** Notice of the special election shall be
17 published at least once in a newspaper as specified
18 in section 362.3 prior to the date of the special
19 election. The notice shall appear as early as
20 practicable after the city council has voted to submit
21 a proposition to the voters to levy additional property
22 tax dollars.

23 **3.** The amount of additional property tax dollars
24 certified under this section shall not be included in
25 the computation of the maximum amount of property tax
26 dollars which may be certified and levied under section
27 384.1.

28 **Sec. 75.** Section 384.19, Code 2013, is amended by
29 adding the following new unnumbered paragraph:

30 **NEW UNNUMBERED PARAGRAPH.** For purposes of a tax
31 protest filed under this section, "*item*" means a
32 budgeted expenditure, appropriation, or cash reserve
33 from a fund for a service area, program, program
34 element, or purpose.

35 **Sec. 76.** Section 386.8, Code 2013, is amended to
36 read as follows:

37 **386.8 Operation tax.**

38 A city may establish a self-supported improvement
39 district operation fund, and may certify taxes not
40 to exceed the rate limitation as established in the
41 ordinance creating the district, or any amendment
42 thereto, each year to be levied for the fund against
43 all of the property in the district, for the purpose
44 of paying the administrative expenses of the district,
45 which may include but are not limited to administrative
46 personnel salaries, a separate administrative office,
47 planning costs including consultation fees, engineering
48 fees, architectural fees, and legal fees and all other
49 expenses reasonably associated with the administration
50 of the district and the fulfilling of the purposes of

1 the district. The taxes levied for this fund may also
2 be used for the purpose of paying maintenance expenses
3 of improvements or self-liquidating improvements for a
4 specified length of time with one or more options to
5 renew if such is clearly stated in the petition which
6 requests the council to authorize construction of the
7 improvement or self-liquidating improvement, whether
8 or not such petition is combined with the petition
9 requesting creation of a district. Parcels of property
10 which are assessed as residential property for property
11 tax purposes are exempt from the tax levied under this
12 section except residential properties within a duly
13 designated historic district. A tax levied under
14 this section is not subject to the ~~levy~~ limitation in
15 section 384.1.

16 Sec. 77. Section 386.9, Code 2013, is amended to
17 read as follows:

18 **386.9 Capital improvement tax.**

19 A city may establish a capital improvement fund
20 for a district and may certify taxes, not to exceed
21 the rate established by the ordinance creating the
22 district, or any subsequent amendment thereto,
23 each year to be levied for the fund against all of
24 the property in the district, for the purpose of
25 accumulating moneys for the financing or payment
26 of a part or all of the costs of any improvement or
27 self-liquidating improvement. However, parcels of
28 property which are assessed as residential property
29 for property tax purposes are exempt from the tax
30 levied under this section except residential properties
31 within a duly designated historic district. A tax
32 levied under this section is not subject to the ~~levy~~
33 limitations in section 384.1 or 384.7.

34 Sec. 78. REPEAL. Sections 331.425 and 331.426,
35 Code 2013, are repealed.

36 Sec. 79. APPLICABILITY. This division of this Act
37 applies to fiscal years beginning on or after July 1,
38 2014.>

39 2. Title page, by striking lines 1 through 4 and
40 inserting <An Act relating to state and local finances
41 by establishing and modifying property assessment
42 limitations, providing for commercial and industrial
43 property tax replacement payments, increasing
44 the regular program foundation base percentage,
45 providing for the taxation of multiresidential
46 property, modifying provisions for the taxation
47 of telecommunications company property, modifying
48 provisions relating to the taxpayers trust fund,
49 providing a taxpayers trust fund tax credit, modifying
50 provisions relating to the protest and appeal of

1 property assessments, establishing limitations on
2 city and county budgets, making appropriations, and
3 including effective date, retroactive applicability,
4 and other applicability provisions.>